

21 May 1959

BACKGROUND:

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NSC DRAFT

SOVIET PROGRAM IN INDIA

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I. India has top priority in the Kremlin's program to destroy Western prestige in the underdeveloped countries.

A. Means used include initiatives on top political level including personal letters from Khrushchev to Nehru offering help, reaffirming friendship,

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by urging India's participation in proposed Summit meeting, and complementing India on their role in the UN and other international bodies; despatch to India of high-level Soviet delegations such as that of Mukhitdinov and Co. in February.

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B. Intensive propaganda and "cultural" programs.

1. Soviet Land, an illustrated fortnightly put out by the Soviet embassy in New Delhi, appears in well over 200,000 copies in 11 Indian languages and English.
2. The USSR heavily subsidizes a "cheap books program" printed in the bloc and shipped to India--probably over 4,000,000 copies last year.
3. Some 70 hours per week ^{of} ~~in~~ radio broadcasts from the USSR beamed to Indian audiences, including programs in Bengali, Urdu, Tamil, Pushtu, Hindi and English with Radio Moscow having excellent reception.

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4. ~~Stimulation of the~~ Indo-Soviet Cultural Society^{//15}
a "friendship" society with headquarters in New Delhi and some 80 branches scattered throughout India's major cities.
 5. ~~The Kremlin has in~~ Communist Party of India (CPI)
~~a built-in promoter of Soviet goals (as well as~~
~~seeker of power for its own sake).~~
 - a. CPI membership stands at 258,000--fourth largest CP outside the bloc--as opposed to 125,000 in early 1957.
 - b. CPI is strongest opposition party, It controls Kerala state government, and is currently preparing ground for power bid in the 1962 elections on national and state levels, ~~with~~ HAS good chance of adding to national strength and picking up state governments of Andhra and West Bengal.
- II. Soviet bloc aid to India, initiated 4 years ago, ^b less than 15 percent ^{of} total foreign assistance received to date for India's second FYP (1956-61).
- A. Free world already contributed \$ 2.1 billion.
 - B. USSR has extended \$ 263 million and offered additional \$ 57 million in low interest (2 $\frac{1}{2}$ %) longterm loans.
 1. Other bloc ^(COUNTRIES) contributed \$ 41 million.
 2. About \$ 120 million of bloc assistance has been used up.

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III. Soviet bloc carefully chooses its projects.

A. ^{They are (approved over)} Widely ~~cover~~ ^{Bloc} India ~~geographically and~~ ^(projects and in) participates in most colorful, and key industries.

1. USSR building steel mill in central India, developing oil and building technical institute western India, made credits available for heavy machine building plant, coal mining machinery plant and coal field in eastern India, and power plant in southern India.
2. Other bloc members similarly widely covered India with aid to build sugar refineries, cement plants, a foundry forge, and an oil refinery.

B. The USSR quick to provide technicians and train personnel both in India and the USSR.

1. Nearly 600 bloc technicians now in India while at least 700 Indians are to be trained by the USSR for the steel plant.
2. Moscow has offered to provide other training for skilled and semi-skilled workers.

IV. The USSR now thinking in terms of the third FYP (1961-66), ~~while free world continues to deal with final contributions to second FYP~~

A. Indian mission now in Moscow has shopping list for third FYP projects, foreign exchange cost of which estimated at \$ 735 million. This equals about 15 percent of estimated foreign aid needs for next plan.

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- B. These projects include fertilizer, heavy machine building, aluminum, heavy electrical machinery and chemicals factories, expansion of Soviet steel mill and construction of second Indian government-owned refinery.
- C. Moscow probably will assure Indian delegation of its continuing support and may now commit ^{USSR} ~~themselves~~ to a "show" project in the public sector, e.g., another steel mill ~~or oil refinery~~.
- D. The extension and continuation of bloc credits to India will support a growth of trade, but it is unlikely that its share of India's expanding trade will grow significantly.

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